DAU Acquisition Community Symposium

"Understanding the Nuts and Bolts of Acquiring Services"

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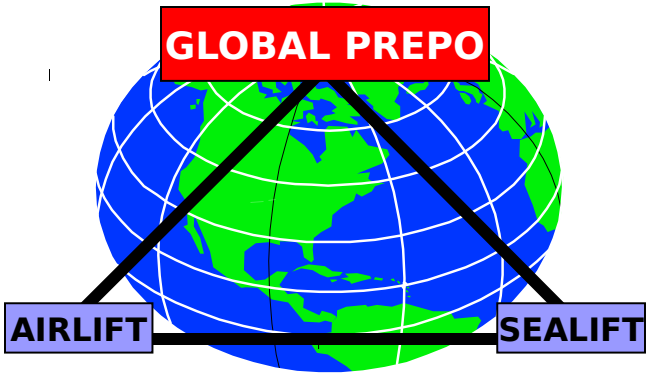
Army Prepositioned Stocks

- A key component of DOD's strategic mobility triad
- Reduces initial strategic lift required
- Supports the war fighter until sea lines of communication are established and the industrial base kicks in



Mission

Provide the warfighter with the ability to quickly generate combat power at any location designated by the National Command Authority by establishing, maintaining, conducting a handoff, and reconstituting Army Prepositioned Stocks Afloat.

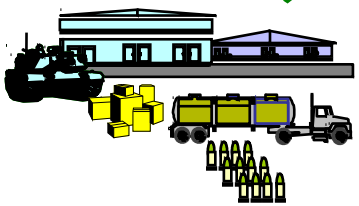
Maintain complete Infantry Brigade Combat Teams (IBCT), Theater Opening / Port Opening (TOPO), and Sustainment Brigades (SB) equipment sets in TM 10/20 standards, and properly stowed for quick and efficient handoff to a gaining tactical unit.

Logistics Concept of Operations

- Requisition/receipt/storage
- Replacement items
- ASL/PLL
- Bench stock

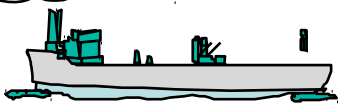
Acquisition Phase

ASLAC



Ship arrives

Download and stage equipment



ASLAC maintenance facility

Service, modernize, and maintain equipment, clean, preserve and package

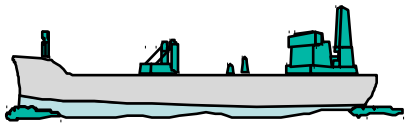
109 Calendar Days

(75 to 80 Work Days)

Stage and upload equipment

Ship departs

Forward Staging



Back to sea for average 36 months or contingency/exercise

On The Line

Large Medium Speed Roll On Roll Off (LMSR)

Length: 950 Feet
Beam: 105 Feet, 9 inches
Draft: 34 Feet
Displacement (Full Load):
62,700 Long Tons
Cargo Stowage Area:
393,000 Sq. Ft.
Speed: 24 Knots
Civilian Crew : 29
Army Personnel: Up to 50

APS-3 Contract

- Competitive Best Value Tradeoff Acquisition
- Hybrid Task Order under the FIRST Contract
  - CPAF, CPFF and minor FFP CLINs
  - One base year with 4 annual options
    - In OY-2 now
    - $123.2M contract cost (through FY12)
  - ASLAC QA staff approx 35 on-site
    - COR on-site

Source Selection Lessons Learned

- Challenges from a technical standpoint:
  - Availability of technical personnel to spend 1+ year on source selection activities
  - Difficult to estimate an ever-changing workload
  - Ensuring proposed innovation is cross-walked to cost proposals
  - High risk factors for program/contract are prioritized accordingly in evaluation
  - Identification of incentives that drive performance
  - Duplications in technical evaluation criteria

Post Award Challenges

- Length of transition period
  - 30 days requiring development of SOPs, Property Book transfers, recruitment, etc.
- Changes in program requirements from initial solicitation to contract award
- 142 CDRLs to manage in a 30-day transition
- Technical/cost proposal not shared with COR or on-site QARs
- Complicated EVMS requirement and cost to implement
- Major portion of task order funded with prior year $’s

Contract Incentives

- Cost-Plus-Award-Fee Contract
  - Schedule
    - Contractor earns max AF by meeting ship staging dates (and other CLIN schedules)
  - Quality
    - First Time Pass
    - Diagnostic Effectiveness
  - Cost
    - Performance to Cost Estimate
      - And related subjective cost control/savings endeavors

Major Quality Metrics

- First Time Pass (FTP)
  - Rate determined by acceptance of an individual piece of equipment as it is presented to the Government after completion of services/maintenance
- Diagnostic Effectiveness (DE)
  - An analysis of the accuracy and thoroughness of an initial technical evaluation of a piece of equipment
    - Computed as the % of faults recorded during the initial inspection of a piece of equipment against the total number of faults recorded during the service and repair cycle

FTP AQL: 95%
DE AQL: 80%

Contract Administration

- Key monitoring techniques
  - Quality Assurance Surveillance Plan
  - Corrective Action System
  - Invoice review
  - Quality Arbitration Process
  - In-process reviews
  - Continuous process improvement teaming
  - Man-hour utilization data
    - Tracks hands-on productivity for both direct type labor and supporting labor

All provide leaders/indicators for CPI

Program Challenges

- Constant change
  - Authorized equipment density changes
  - Late arriving equipment
- Time lag between option exercise and execution
- Increased visibility and reporting to senior commands
- Fixed price mentality versus cost reimbursement estimates
- Effect of centralization of contracting function and impact to contract administration

Contract Success – Facilitates Warfighter Success

Contract Challenges and Success Stories

HTSI Solutions as presented by the HTSI Program Manager Follow

On The Line

Honeywell Technology Solutions (HTSI)

Army Prepositioned Stocks – Afloat (APS-3)

Honeywell

Outline

Honeywell

- **Intro to HTSI**
- **Contract Challenges in General**
- **Award Fee Results: Challenge / Success**
  - Schedule
  - Cost
  - Quality
- **Honeywell Operating**
- **Business Climate**

HTSI

Honeywell

- **Subsidiary of Honeywell under Aerospace/Defense Solutions**
- **Headquarters in Columbia, MD**
- **APS-3 Falls Under Logistics Segment**
- **Two Separate Business Units in Charleston:**
  - **Tech Services**
    - Primary Customer: US Navy (SPAWAR)
    - Core Competencies:
      - Cyber Security
      - Physical Security
  - **APS-3**
    - Primary Customer: US Army (ASLAC)
    - Core Competencies:
      - Maintenance
      - Logistics

Contract Challenges

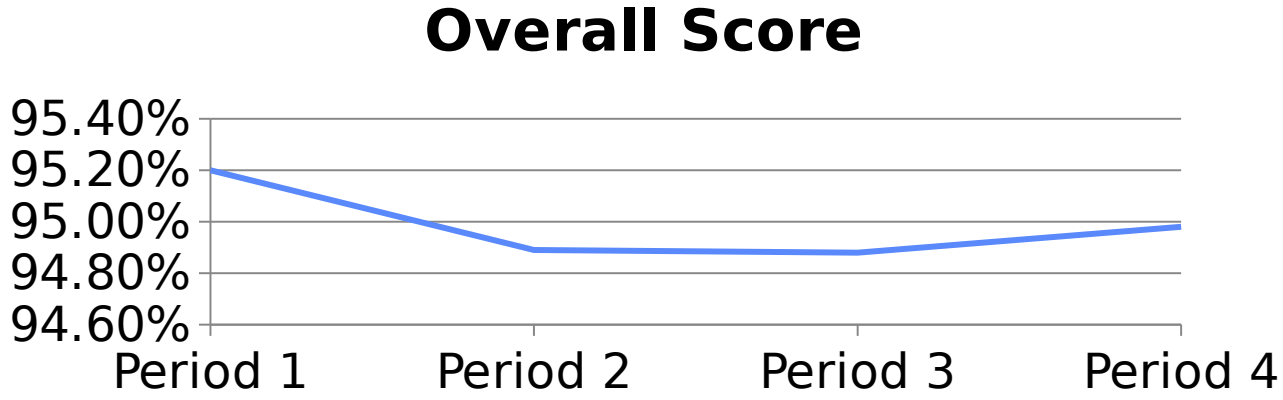
Honeywell

- **Extremely Short Transition Period**
  - **Assume Planning for Current Mission**
  - **Conduct Negotiations for Emerging Missions**
  - **Onboard 320+ Incumbent Employees**
- **Remote Location**
  - **Less Than 100 of 575 Employees Allowed Driving Access**
  - **Multiple Security Gates**
- **Realities of "All-CAC" Workforce**
- **Changing Requirements**
  - **Change from A to B**
  - **Change from A to *A!!***
  - **Change from nul to A**
- **Shipboard Staffing**

Award Fee

Honeywell

- **All Composite Scores 94.5-95.5% for First** Four Award Fee Periods
- **Criteria Are Known Up Front & Prior to Period Start**
- Criteria Have Steadily Increased in Difficulty
- **Contractor Self-Evaluation Presented to Award Fee Board Members**



Period Length: 6 Months
Award Fee Criteria: Cost, Schedule, Quality

Schedule

Honeywell

Challenge:

- Upload Requirements Change Before/During Ship Cycle Affecting:
  - Readiness Reporting
  - **Staffing Requirements**
  - Lost Manhours

Vessel Upload Date Remains Fixed

Success:

- **Developed Robust Scheduling Tool Linking Microsoft Project with AWRDS**
- Highly Detailed and Transparent Change Management Process
- Utilized Value Stream Mapping Project to Eliminate Waste and Increase Ability to Adapt to Change
- **Weekly Updates to Customer**

Cost

Honeywell

Challenge:

- **Entire Fiscal Year Funding (Multiple Missions) Negotiated Well in Advance of Execution**

Success:

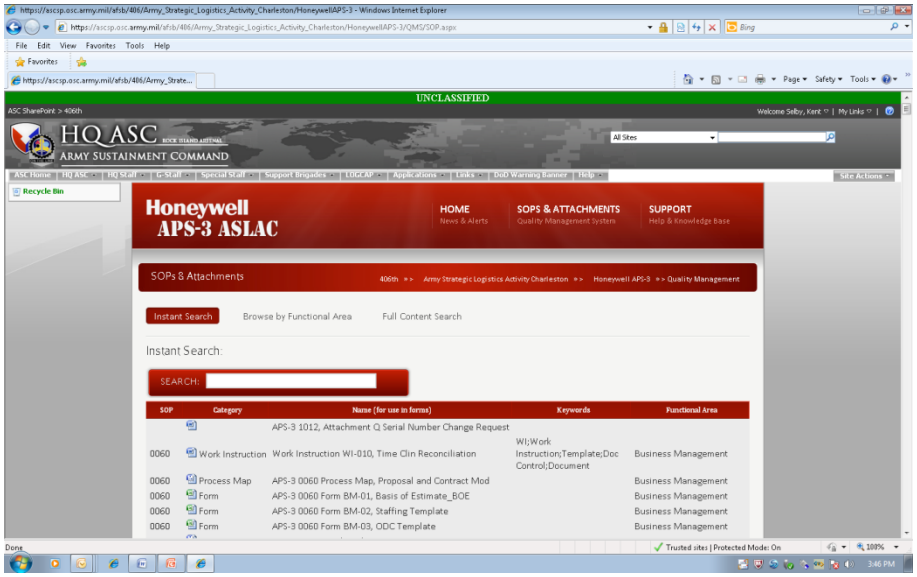
- **Scheduling / Change Management Process Tied Directly to EVMS and Finance Leaders**
- Use of Labor Partner (Aerotek) for Highly Flexible and Responsive Staffing Assistance
- **Weekly Updates to Customer**

Quality

Honeywell

Challenge:

- QASP
- FTP & DE
- **ISO Elements in PWS**



Success:

- **Went the "Hard Route" for Site-Specific ISO Certification**
- Created Teamwork Approach to Quality Management
- USG Access to Corrective Action System
- QASP Issue = Corrective Action
- **Weekly Quality Team Meetings**
- Weekly Update to Customer

Honeywell Operating System

Honeywell

Integrated System Built on Six Sigma Foundation To Drive Sustainable Safety, Quality, Delivery, Cost and Inventory Improvement At Our Facility.

A Broad Application Of Lean & Six Sigma Tools Including:

- **Standardized Work**
- **Rapid Problem Solving**
- **Continuous Improvement**
- **Knowledge Sharing**

Organizational Development Ensures Sustainability Through:

- **Specific Roles & Responsibilities**
- **High Performance Management Systems**
- **Enabling Structure**

- **Building A Permanent Competitive Advantage To Better Meet Customer Expectations**

Business Climate

Honeywell

- Responsive to All USG Concerns, Questions, Issues
- **Ability to Express Concerns to USG**
- Relationship Between USG and HTSI Encourages Worker-Level Interaction and Problem-Solving
- **Weekly Operations Updates to Customer**
- Quarterly Review and Analysis with 406th AFSB Cdr
- **Government Participation on HTSI Continuous Improvement Teams**
- Understanding That Both USG and HTSI Serve the US Soldier

Questions

Honeywell